

April 18, 2002

Sam Behrends, IV, Esq.
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Washington, DC 20009-5728

**Re: Fact-Finding Investigation of Potential Manipulation of Electric and
Natural Gas Prices, Docket No. PA02-2-000**

Dear Mr. Behrends:

I am responding to your April 15, 2002, submission on behalf of Enron Corporation (Enron) in response to the March 5, 2002, information request in this proceeding. In that information request, all wholesale sellers, including municipal and other governmental or electric power cooperative sellers, in the West were to provide certain sales data for the period January 1, 2000 forward in Excel spreadsheet format. Responses to that information request were due no later than April 2, 2002.

Enron's April 15th submission – which is two weeks late – has been analyzed by Commission Staff to determine whether it provides the information requested. I have been informed by my Staff that the information you have supplied is of no value. Here is a partial list of the deficiencies:

- Hourly transactions are included for only a day and half of each month. No other transactions for each month are reported. Apparently, once the row limit of the Excel spreadsheet was reached, no effort was made to report any remaining transactions for the month. The March 5th information request expressly addressed this issue and directed respondents to report in CSV format all responses that exceed the row limit for an Excel spreadsheet. These directions were not followed, and my Staff informs me that no one contacted them for clarification on this point.
- Only hourly sales or purchases are reported using the long-term sales template. It is not possible to determine whether the hourly transactions are derived from short-term, monthly, or long-term contracts. Again, the instructions provided in the

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March 5th information request were not followed, and no one contacted Staff for clarification.

- The only Enron affiliate whose transactions are reported – even incompletely – is Enron Power Marketing, Inc. No transactions are reported for Portland General Electric, an Enron affiliate, even though Portland informed my Staff that its responses had been prepared and sent to Enron's Houston office before April 2. My Staff promptly received Portland's responses via e-mail after speaking directly with a Portland representative.
- Transactions between Enron affiliates are not flagged as required, even though this is one of the most important aspects of the information request. This is a particularly egregious omission, which prevents the Commission from investigating allegations regarding the pricing of inter-affiliate Enron sales.
- The types of services provided are not reported.
- Codes are used for locations, but there is no key to the codes.
- The "Sales Went Physical?" and "Energy from Controlled Generation?" columns of the template are not filled in.
- Volume units are not reported.
- Numbers are reported in the Index Identification column, contrary to the instructions.

I am particularly disturbed by these deficiencies given your reassurances, when you and your associates were repeatedly contacted by my Staff, that you were making progress in completing the templates. At no time did you indicate to my Staff that Enron's response would contain deficiencies of such breadth and magnitude. Your April 2, 2002, letter to me simply provided a status report together with a list of files where the raw data on physical transactions could be found on what is known as the Enron Physical Transaction Database. Staff was provided with limited ("read-only") access via the Internet to that database and was reassured that the completed Excel spreadsheets would be provided later. The database and the list of files are no use to my Staff, since queries of the data cannot be saved.

The deficiencies of Enron's response signal a breakdown in supervision and quality control and are a serious impediment to the Commission's investigation in this

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proceeding. As you know, the results of this fact-finding investigation are to be reported to Congress. Your non-compliance endangers our ability to prepare a thorough and timely response to Congress.

I have informed you by telephone that the Commission expects a complete response to the March 5th information request no later than April 26, 2002. I have also informed you that, in light of the breakdown in supervision and quality control, the Commission will send to Enron's Houston office two IT specialists, who will work with Enron personnel to access the Enron databases that contain the information Staff seeks.

Very truly yours,

Donald J. Gelinas
Associate Director
Office of Markets, Tariffs and Rates